



**STATE OF NEW JERSEY**  
**Board of Public Utilities**  
**Two Gateway Center**  
**Newark, NJ 07102**  
**www.bpu.state.nj.us**

TELECOMMUNICATIONS

IN THE MATTER OF THE VERIFIED  
PETITION FOR APPROVAL OF THE )  
CHANGE OF CONTROL OF TELSCAPE )  
COMMUNICATIONS, INC. FROM TSG )  
CAPITAL FUND III, LP TO GEMINI )  
PARTNERS, INC. AND SCORPION )  
CAPITAL PARTNERS, L.P. )

ORDER OF APPROVAL

DOCKET NO. TM05110975

(SERVICE LIST ATTACHED)

BY THE BOARD:

On November 14, 2005, a Verified Petition was filed with the Board of Public Utilities (Board) by Telscape Communications, Inc. (Telscape), TSG Capital Fund III, LP (TSG), Gemini Partners, Inc. (Gemini), and Scorpion Capital Partners, L.P. (Scorpion), by their attorneys, seeking approval pursuant to N.J.S.A. 48:2-51.1 for the transfer of control of Telscape from TSG to Gemini and Scorpion. The proposed change of control will occur as the result of the transfer of controlling shares of stock in Telscape. By letter to the Board received on January 12, 2006, Petitioners indicated there was a change in the transaction that was originally filed with the Board. The letter indicated that Scorpion would no longer be involved in the transaction and instead, another investment company, GP/T Holdings, an affiliate of Gemini, would be acquiring a controlling interest (approximately 68%) of the equity in Telscape. The other equity holders will be Gemini, (approximately 18%), Telscape's CEO Ruben Garcia (approximately 10%) and other members of Telscape management (approximately 4% in the aggregate). As was the case in the initial petition, the day-to-day management of Telscape is expected to continue unchanged after the transfer. Following the transfer, Telscape will still retain its authorization to provide telecommunications service in New Jersey.

BACKGROUND

Telscape is a corporation organized under the laws of Delaware, with its principal place of business located in Monrovia, California. Telscape received its authority to provide interstate telecommunications services in New Jersey on December 9, 2004. See I/M/O the Verified Petition of Telescape Communications, Inc. For Authority to Provide Local Exchange and Interexchange Telecommunications Services Within the State of New Jersey, Docket No. TE04091061. According to the petition, Telscape focuses on the provision of local and long distance telephone service to Spanish-Language-dominant Hispanic households. Telscape currently holds authority in Arizona, California, Florida, Nevada, New York, Texas and New Jersey, but currently operates only in California and Nevada. Thus, Telscape is not yet providing service in New Jersey. TSG was organized in the state of Delaware as a limited partnership and

its officers and designated employees collectively own 99% of the company. The same parties own less than 1% ownership interest in Telscape.

Gemini is a California based investment and financial consulting company that, according to the petition, provides a variety of financial and transaction-related services for small and medium sized businesses, including equity and debt financial sourcing, merger and acquisition advice, and merchant banking. Its offices are located in Los Angeles, California.

GP/T Holdings, an affiliate of Gemini Partners, Inc. is managed by Matthew Johnson and Nathan Johnson, who are also responsible for the management of Gemini Partners, Inc. Its offices are located in Los Angeles, California.

### DISCUSSION

The Petition states that the proposed sale and purchase of Telscape's stock will be undertaken pursuant to an agreement outlined in a letter of intent (LOI) executed by the parties on November 4, 2005. The proposed change of control will occur as the result of the transfer of controlling shares of stock in Telscape. According to the petition, no conveyance of any property is involved. Likewise, as part of the transaction, employment agreements will be entered into between Telscape and its existing principal executive management team. Petitioners point out that while the proposed transaction will result in a change in the ownership of Telscape, the management and operations of Telscape will continue unchanged.

Petitioners state that the transfer will serve the public interest since Gemini's investment in Telscape's on-going business will provide them a significant stake in the company's future success, and will provide Telscape with a strong partner whose expertise and position in the financial marketplace should significantly enhance Telscape's ability to access the capital it needs in order to fund growth and transition to new technologies. Petitioners assert that the transaction is expected to have a positive effect on the public interest by creating a stronger company and thereby promoting competition among telecommunications carriers in the State.

Petitioners also point out that the change in ultimate ownership of Telscape will not have any adverse impact on rates or on the provision of safe and adequate service at just and reasonable rates. Since this is a stock transfer as opposed to an asset sale, the transfer of control of Telscape will not result in the transfer of any authorizations. Furthermore, since Telscape is not yet offering service, there will be no adverse affect to any customers.

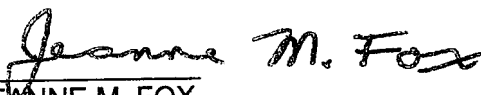
## FINDINGS AND CONCLUSIONS

After a thorough review of the petition and all related documents, the Board concludes that, there will be no negative impact on service quality to New Jersey customers or the rates they pay. Nor will there be a negative impact on competition. Moreover, a positive benefit may be expected from the strengthening of Telscape's competitive posture in the telecommunications market.

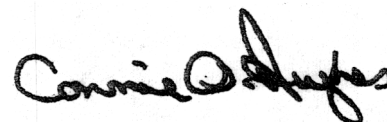
Accordingly, after careful review of this matter, the Board FINDS that the transaction will have no negative impact on competition, the rates of current customers, or on employees. The Board also FINDS that the transfer will have no negative impact on the provision of safe, adequate and proper service, and will positively benefit competition. Therefore, the Board, after investigation, having considered the record and exhibits submitted in this proceeding, FINDS that the transfer is in accordance with law and in the public interest. The Board HEREBY ORDERS that Petitioners shall notify the Board of the closing of the proposed transaction within ten (10) days of consummation of the transfer. The Board FURTHER ORDERS that the approval in this Order shall become null and void and of no effect to the extent it has not been exercised prior to July 31, 2006.

DATED: 2/2/06

BOARD OF PUBLIC UTILITIES  
BY:

  
JEANNE M. FOX  
PRESIDENT

  
FREDERICK F. BUTLER  
COMMISSIONER

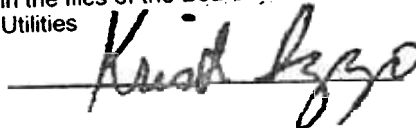
  
CONNIE O. HUGHES  
COMMISSIONER

  
JOSEPH L. FIORDALISO  
COMMISSIONER

ATTEST:

  
KRISTI IZZO  
SECRETARY

I HEREBY CERTIFY that the within  
document is a true copy of the original  
in the files of the Board of Public  
Utilities



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Docket No. TM05110975

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